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HD **Oil companies avoid climate action at their own peril: IEA**

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Executive director says no energy producers ‘will be unaffected' by pivot from fossil fuels

Oil and gas companies must dip into their “deep pockets" to help address climate change and work together with governments and environmental groups to come up with solutions, according to International Energy Agency executive director Fatih Birol.

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In a new report examining the role of the oil and gas sector in a changing economy, the IEA looked at how the industry can contribute to global energy transitions and reduce emissions, and the implications that a lack of action would have on the sector.

The agency mapped out risks for oil and gas companies, as well as solutions, including energy diversification and investing in green technology.

Dr. Birol said in an interview that three factors will force the hand of oil and gas companies toward change: government policies or incentives, global markets' push for greener energy and a growing societal demand for a cleaner energy future.

“No oil company will be unaffected," he said.

Fossil fuel companies are existing on short-term returns, he said, and their failure to reduce greenhouse gas emissions could threaten their long-term social acceptability and profitability.

Dr. Birol said there's no simple fix to climate change, but the oil and gas industry as a whole should play a more significant role in addressing the problem.

The first step is reducing the amount of methane leaks into the atmosphere, he said, which is relatively simple and cost-effective.

“With their extensive knowhow on engineering, large-scale project management and with their deep pockets, those companies can play a key role in developing … renewable options such as offshore wind and, at the same time, help key technologies such as carbon capture, utilization and storage or hydrogen to reach maturity," he said.

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While many energy companies have said they're serious about addressing climate change, the data show otherwise.

The IEA analyzed the world's energy companies – including nationalized oil and gas operations – which together account for about 15 per cent of global greenhouse gas emissions. It found that despite promises to look for solutions, companies are, on average, investing just 1 per cent of their total expenditures on clean-energy technology. That figure must increase, Dr. Birol said.

He also proposed a “grand coalition" in which governments, the energy industry and environmental groups work together to come up with pragmatic solutions.

Dr. Birol already works with all three groups in his role at the IEA, and estimated around 90 per cent of those he speaks with are ready to help find real solutions.

“We just have to bring them together," he said. “Polarized debate will not help us."

In its 2019 energy outlook, the IEA projected oil demand will rise by 1.3 per cent each year to 2040 if the world continues down its current path without any policy changes. But if governments follow through with existing policy frameworks and intentions, it projected robust demand growth only until 2025, when it will slow to a crawl reaching 106 million barrels a day in 2040.

Yet another model sees the world embrace an “unprecedented scale, scope and speed of changes in the energy landscape" and reach peak demand in the coming few years, dropping to fewer than 67 million barrels a day in 2040.

CO inenag : International Energy Agency

IN ifosfl : Fossil Fuels | i1 : Energy

NS gclimt : Climate Change | genv : Natural Environment | gcat : Political/General News | gglobe : Global/World Issues

RE cana : Canada | namz : North America

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